



M e m o r a n d u m

To:	Panel Members	Date:	February 27, 2003
From:	Peter DeMauro General Counsel	File:	J:\LEGAL\Regs02\ Small Business Owner Regulation\Panel Memo.doc
Subject:	<u>Rulemaking: Small Business Owners Consideration for Final Adoption</u>		

At the August 22, 2002, Panel meeting, the Panel approved the proposed regulation to implement provisions regarding training for small business owners under the Small Business Pilot Project and directed staff to promulgate the proposed regulation as an emergency regulation if possible. This regulation was approved by the Office of Administrative Law (OAL) as an emergency regulation with an effective date of November 18, 2002. For your information, the text of the regulation is attached to this memo.

Once an emergency regulation is approved by OAL, the Panel has 120 days to complete the normal rulemaking process and submit a Certificate of Compliance to OAL. In this case, the Certificate of Compliance is due at OAL by March 18, 2003. If the Panel fails to meet this deadline, then the emergency regulation will be automatically repealed.

To initiate the normal rulemaking process for this emergency regulation, a notice was issued on January 3, 2003. The 45-day public comment period for the regulation ended on February 17, 2003. No public comment was received.

Staff recommends that the Panel direct the staff to submit the Certificate of Compliance to OAL.

Title 22
Employment Training Panel
Article 2

4407.1. Small Business Owners

(a) A proposal to train the employees of a small business may include training for the owner of the business provided the following criteria are met:

- (1) The business employs 100 or fewer full-time employees, excluding the owner.
- (2) The owner is an individual having all or a substantial (at least 20%) financial investment in the business, and is directly involved full-time in the day-to-day operation of the business.
- (3) The owner is not subject to the eligibility provisions of §10201(c) of the Unemployment Insurance Code.
- (4) At least one employee must participate in training along with the owner of the business.
- (5) The business is participating in the Panel's Small Business Pilot Project.

(b) Training for small business owners under this section is not limited to business management skills.

(c) For purposes of this regulation, the Small Business Pilot Project is the Panel's pilot project to test an expedited application and contract development process designed to allow a greater number of small businesses with 100 or fewer employees to participate in Panel-funded training.

Authority: Section 10205(m), Unemployment Insurance Code.

Reference: Sections 10200(a), 10201(c), 10203, Unemployment Insurance Code.